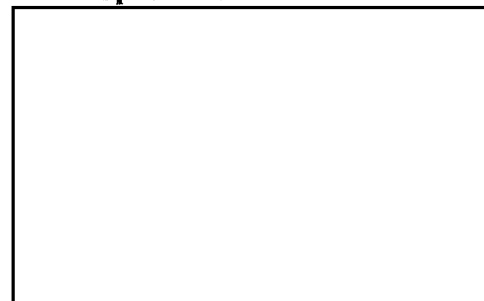




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Director of
Central
Intelligence

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National Intelligence Daily
Friday
12 January 1979

State Dept. review completed

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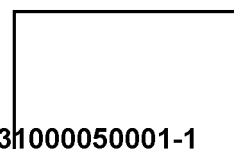
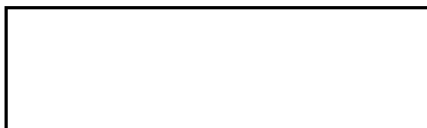


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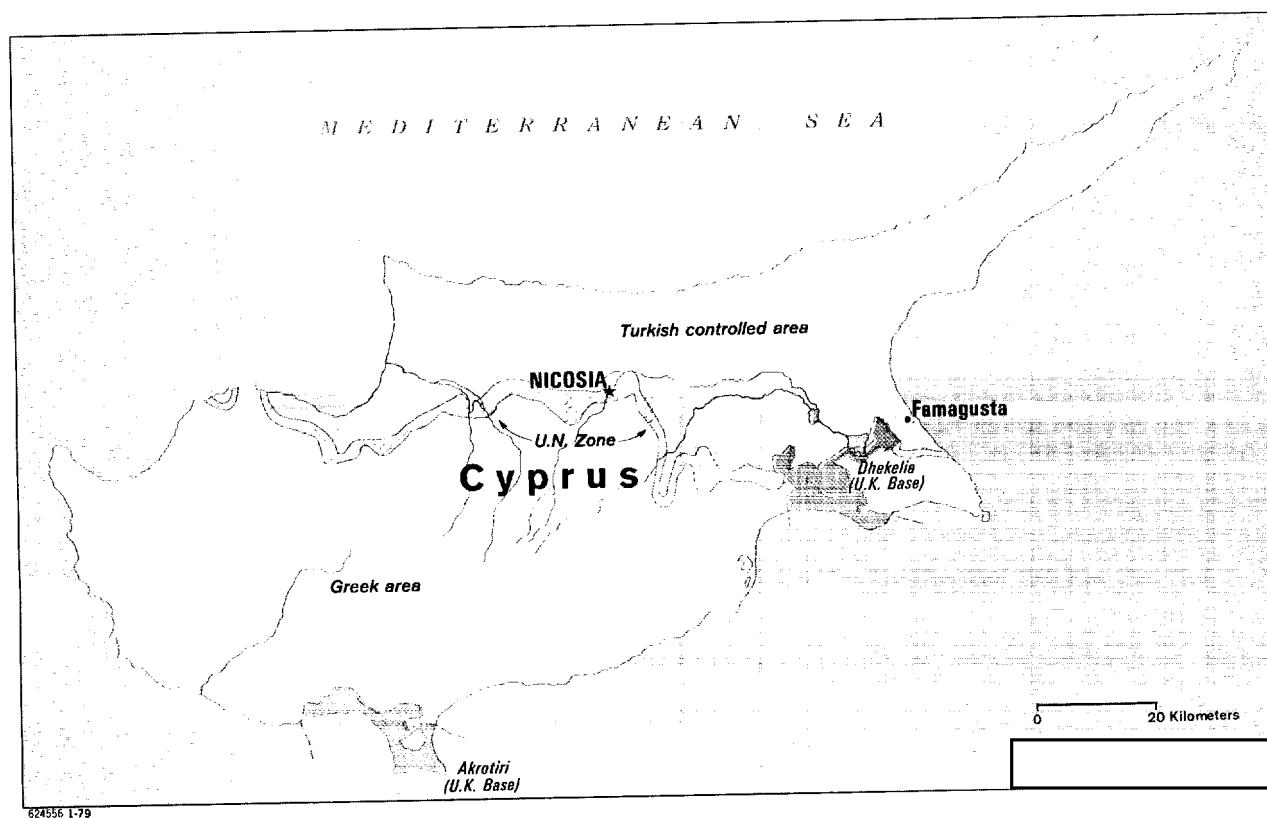
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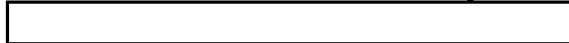
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CYPRUS: Intercommunal Talks

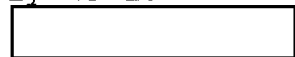
The US-inspired effort to promote a compromise formula to achieve a Cyprus settlement is running into problems. Jockeying for advantage by both Greeks and Turks, along with domestic political considerations in the three affected countries, are the principal stumbling blocks.



Cypriot President Kyprianou has expressed reservations about the US plan on both substantive and domestic political grounds. His government pressed for an alternative plan sponsored by the UN and incorporating those US proposals that the Greek Cypriots favor, including early resettlement of the Greek section of the city of Famagusta under UN supervision. A new draft, prepared by UN Secretary General Waldheim, incorporated some Greek Cypriot suggestions, but Kyprianou's government has only reluctantly accepted the UN draft, under pressure from Greece and Greek Cypriot moderates.



Turkish and Turkish Cypriot leaders expressed even less enthusiasm for both the US proposals and the Waldheim version but, until this week, they maintained a studied official silence in the apparent hope that the Greek Cypriots would reject the proposals first. The Turks have now accepted some of Waldheim's proposals, but they maintain that resettlement can only follow progress on issues of importance to them.



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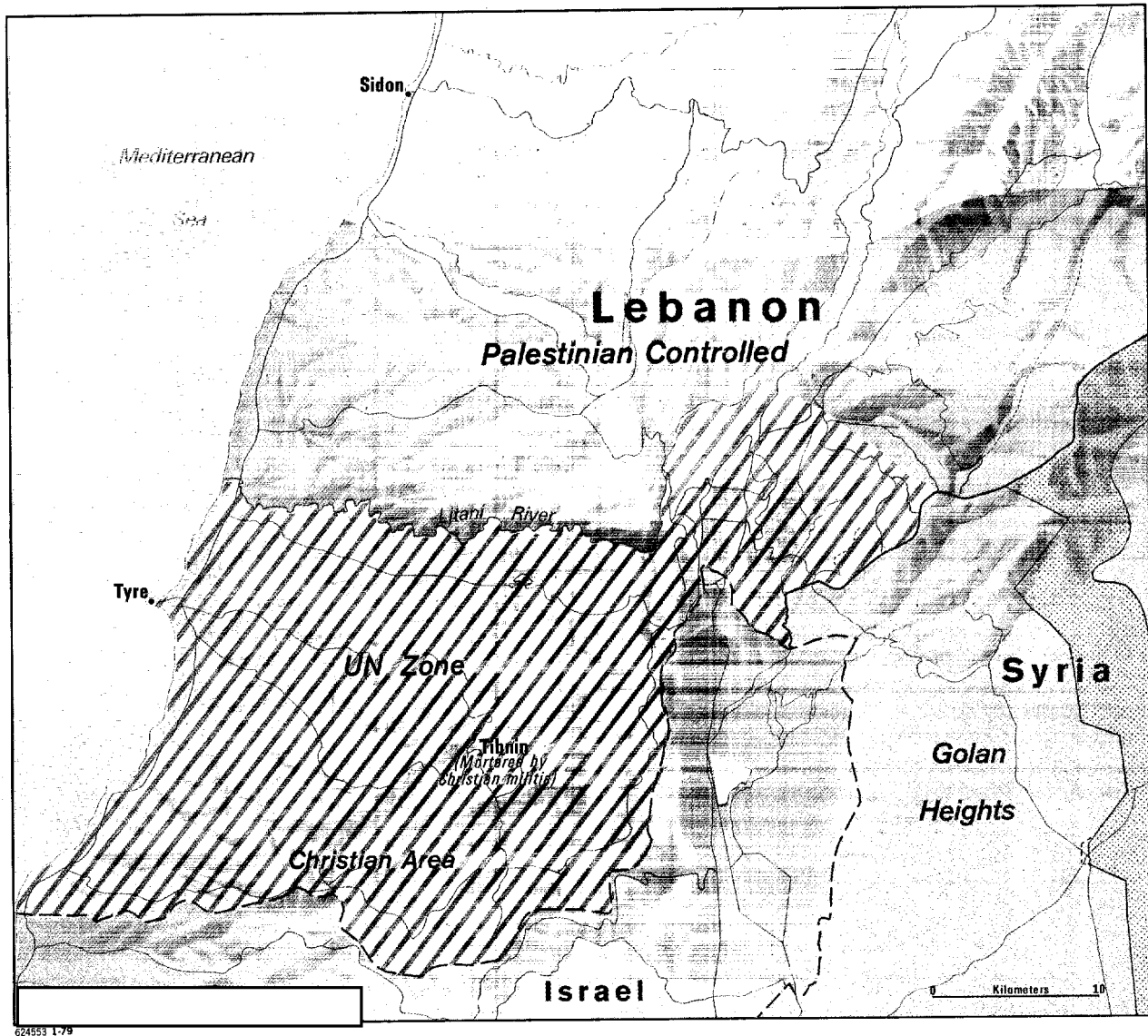


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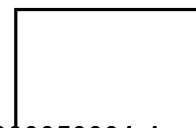
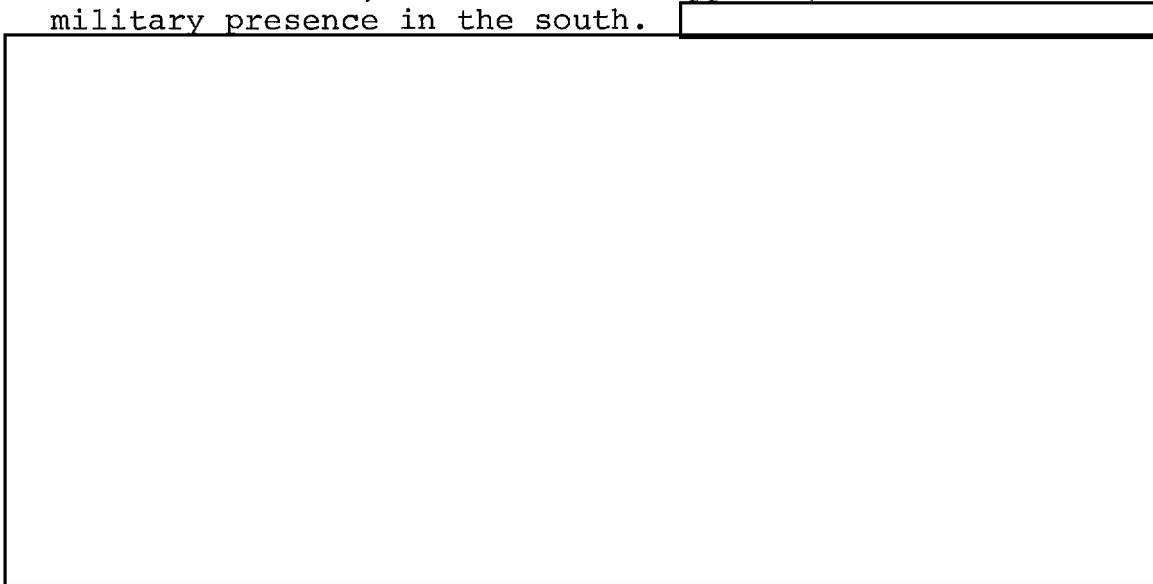
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LEBANON: Security Deteriorates in South

Christian militia forces in southern Lebanon led by renegade Army officer Major Haddad mortared Tibnin--located in the zone controlled by UN peacekeeping forces--on Wednesday after Lebanese gendarmes ignored his warning to evacuate their station in the town. The militias, apparently taking advantage of increased Israeli support, have in recent weeks adopted a more aggressive posture toward the UN forces, firing almost daily into the UN zone and obstructing UN movement with roadblocks. Increased activity by Palestinian forces and Lebanese leftists has also contributed to a general deterioration of security in the south. The Israelis have again said they will try to prevent Haddad's more serious provocations, but we think he is likely to continue his harassment to show his opposition to the government's effort, which the UN supports, to increase its military presence in the south.

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Zambian President Kaunda



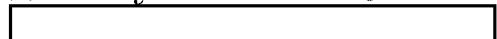
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SPECIAL ANALYSIS

ZAMBIA: The Outlook for Kaunda



With his reelection now behind him, President Kaunda is attempting to face up to Zambia's economic problems and the strains produced by the country's role in the Rhodesian imbroglio.



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The unofficial count of the ballots cast last month gave Kaunda a 65 to 70 percent "yes" vote, a popular mandate somewhat less than Kaunda and his party had hoped for. Some signs of voter dissatisfaction did surface. Several legislators who had performed poorly in important economic and social welfare cabinet posts were not reelected.



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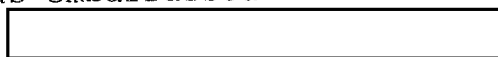
Kaunda's new cabinet, announced on 2 January, is smaller than its predecessor but will have the same handicap. Kaunda's penchant for reserving for himself all major and most minor decisions will hamstring the ministers' efforts to carry out their duties.



The Military Factor

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Party officials are disturbed by the fact that the "no" vote cast in areas around military installations was higher than the national average. They attribute that to discontent within the military generated by major Rhodesian airstrikes into Zambia during recent months. Although the strikes were launched against Zimbabwe African People's Union bases, Zambian forces took numerous casualties. The inadequacy of Zambia's defense capabilities and Kaunda's refusal to allow retaliatory strikes has embarrassed and frustrated Zambia's military leaders.

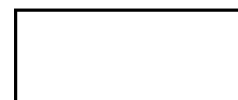


Kaunda's first challenge is to reassert his authority over the military



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deeply divided over Zambia's Rhodesia policy. As a first step, Kaunda replaced the Army's commander, [REDACTED]

Kaunda will seek to improve military morale by satisfying Zambia's defense needs. Zambia, however, does not have the foreign exchange to purchase military equipment outright. The UK provided some outdated equipment after the Rhodesian raids last October but it has been insufficient and inadequate to meet Zambia's needs. [REDACTED]

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The Soviets are eager to provide military equipment but Kaunda does not want to place Zambia's defense and security in the hands of a foreign power, especially one that he has never fully trusted. Kaunda, however, probably will raise the possibility of military assistance with a Chinese delegation due to arrive in Zambia late this week. [REDACTED]

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During the past year or so, Kaunda has consistently resisted any action that would risk an escalation of the fighting. He fears escalation could lead to an Angola-type civil war in Rhodesia, and he appears resigned to seeing Zambia suffer considerable sacrifice and humiliation to avoid this. [REDACTED]

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Kaunda still has considerable leeway with the Zambian military because its leaders admit there is no one capable of taking his place or dealing with the problems he faces. [REDACTED]

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The Economic Factor

A declining economy brought about by faltering copper sales and bottlenecks in the shipment of imports and exports forced Kaunda last September to resume use of the southern rail line through Rhodesia. The move has helped Zambia somewhat in getting its minerals to market and it gave Kaunda a much needed domestic political boost, particularly among farmers afraid they would have no fertilizer for this year's planting. The slump in world copper prices, however, has been a blow. [REDACTED]


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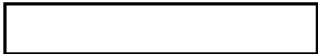
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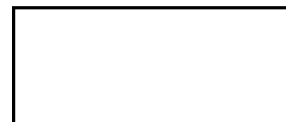
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Kaunda is caught between the imperatives of domestic economics and African nationalism. He has lessened the economic pressure slightly with his move of last September and he has eased the military pressure somewhat by changing military commanders and making a show of searching for defensive military equipment. He can probably continue to temporize over the next several months, barring a major military catastrophe or civilian tragedy brought about by Rhodesian incursions. 

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In the meantime, he will watch closely for any political openings that may develop in Rhodesia. If the fighting continues with little prospect for genuine majority rule, Kaunda may feel he has no choice but to seek greater Soviet and Cuban support. 

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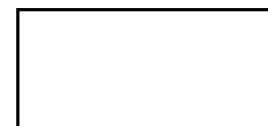
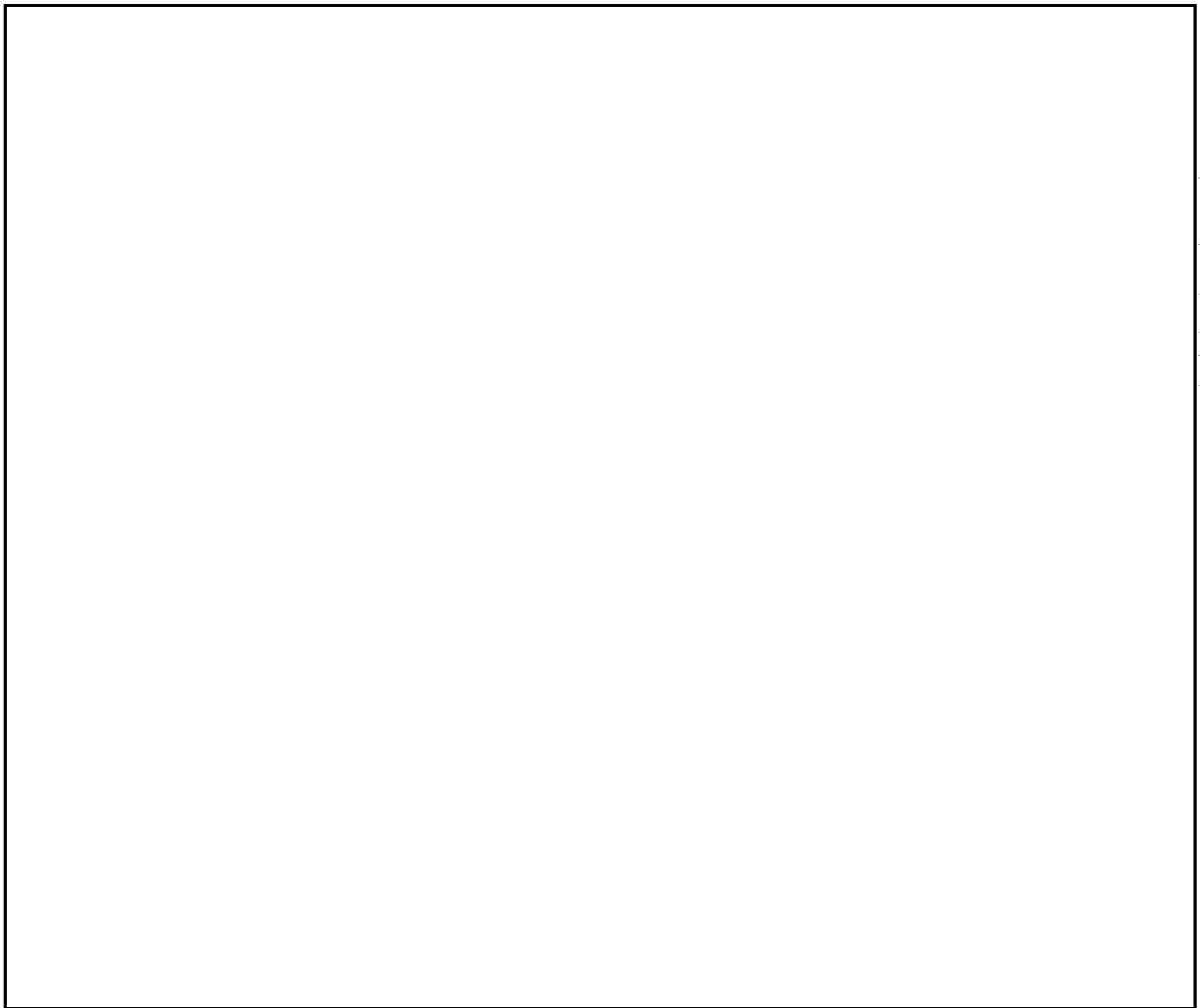


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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

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Jamaica

The opposition Jamaica Labor Party yesterday called off the island-wide protest campaign that had resulted in scattered violence and several deaths, according to press reports. The reports describe Kingston as tense, but quiet; a number of banks and factories have reopened, and street barricades have disappeared. Although Jamaican officials have indicated strong concern that the tourist industry not suffer because of the well-publicized demonstrations, Foreign Minister Patterson told US Charge Haverkamp yesterday that the government expects the demonstrations to recur. Opposition leader Seaga has promised more protests, complaining that armed supporters of Prime Minister Manley's People's National Party had attacked protesters while security forces stood by and did nothing.

China-Vietnam

The New China News Agency today alleges two incidents yesterday between Chinese and Vietnamese border guards. The more serious of the reported incidents was at Longbang Pass in Guangxi (Kwangsi) Province. The Vietnamese guards are alleged to have used machineguns and grenades in a 15-minute attack on Chinese border posts and an elementary school.

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